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Heroin, banking CIA

WORLD PRESS / By ALAN BERGER

Last week, while American newspapers were describing congressional efforts to pass tough new laws protecting the CIA, a front-page article in the London Sunday Times implicated the agency in shady dealings reminiscent of the disclosures made five years ago in the Senate's Church committee hearings on intelligence activities.

The Sunday Times article was an investigative report looking into "a series of mysterious disappearances and violent deaths around the world." Heroin traffickers and couriers as well as bank officers and CIA personnel have been among the "dozen or so" people who disappeared mysteriously or died violently. "Police on four continents are trying to find the exact link between these deaths, the CIA and the collapse of a Sydney (Australia)-based bank, Nugan Hand International," the Times reported.

Saying "the story has a plot worthy of John Le Carre," the Times' investigative team offered these "initial conclusions" from its inquiries:

- "Nugan Hand, which boasted of offices or representatives in a dozen countries and an annual turnover of \$1 billion, was a banker for the heroin trade."

- "And there is evidence that the bank was nurtured, and may even have been set up, by the CIA."

One strand of the intricate "Nugan Hand affair" begins in Australia with a Melbourne coroner's inquest into the murder of a young couple, the Wilsons, whose bodies were dug up recently from shallow graves near a surfing beach. The Wilsons, who were both shot in the head, had been couriers for Terrence John Clark, an alleged heroin trafficker who "imported 48 kilograms of heroin — worth \$2 million of kilo — into Australia in just nine months," according to an assistant commissioner for crime in the Australian state of Victoria.

Before their death, the Wilsons told Australian police everything they knew about Clark's heroin transactions. Subsequently, two senior officials of Australia's Federal Narcotics Bureau who were in the pay of Clark "handed him tapes of the Wilsons making their statements." Clark has long since disappeared, but, according to the Times, "Melbourne's coroner said he was in no doubt that Clark hired hit men to kill the Wilsons."

Official investigations of those records that survived the collapse of the Nugan Hand bank revealed that Nugan Hand had been "banker to big heroin traffickers... but, undoubtedly, the senior and most sinister trafficker was Terrence Clark."

On Jan. 27 of this year, Frank Nugan, cofounder of Nugan Hand, "was found shot dead in his Mercedes-Benz sedan on a lonely road in the Blue Mountains, 100 miles west of Sydney." After Nugan's death, his American partner, Mike Hand, phoned the bank's business associates and told them, according to the Times account: "You're not going to believe this, but it looks like Frank ripped off a stack of money."

Then, after calling in a liquidator and "blaming his former partner for everything that had gone wrong, Hand disappeared." In his wake he left what the Times described as "chaos." Records were missing, and there were debts totaling \$50 million. But most puzzling of all to the Times was that "almost no creditors have publicly emerged to stake their claims. Why?"

The Times' explanation was "that Nugan's Hand's chief client was the CIA, and that the bank was set up to move covert funds into Southeast Asia."

representative who had served with the OSS (a forerunner of the CIA) and been a commander in Vietnam. Nugan Hand's man in Taiwan was flight services manager for Civil Air Transport, another CIA-owned company. And the Manila "consultant" was Gen. Ray Manors, a Vietnam veteran, who is now helping the CIA to analyze the failed attempt to rescue the American hostages in Iran.

Another associate of the bank mentioned in the Times investigation was Walt McDonald, an economist who was a CIA "consultant" for 25 years and a close friend of John Arthur Paisley, the CIA's deputy head of the Office of the Office of Strategic Research, "whose bloated body was

fished out of Chesapeake Bay, Md., in 1978" with "40 pounds of diving weights strapped to his waist and a bullet hole behind the left ear." Speculatively, the Teams raised the possibility of a link from the Nugan Hand affair to Paisley that would run through McDonald.

A less speculative link was to former CIA director William Colby, whose visiting card was found on the dead body of Frank Nugan. Colby told the Times he "was simply Nugan's US legal advisor. 'There was no connection between Mr. Nugan and my intelligence background, he said.'"